

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE 4TH NATIONAL SMART PARTNERSHIP DIALOGUE
AT RENAISSANCE HOTEL, KUALA LUMPUR
11 SEPTEMBER 2000**

Firstly, allow me take this opportunity to thank Malaysian Industry Government Group for High Technology (MIGHT) and the Commonwealth Partnership Technology Management (CPTM) together with the Ministry of Human Resources for inviting me to deliver the keynote address this morning. I believe that the theme of this dialogue, "Enhancing Malaysia's Competitive Edge: Human Resource Development For The Knowledge Economy" is extremely pertinent and important. I would therefore like to congratulate the organisers for this timely event to highlight what, I believe, is one of the central priorities in ensuring Malaysia's future economic success.

Ladies and gentlemen,

Malaysia's competitive edge in the new global economy will increasingly depend on the quality and productivity of our human capital. As economic barriers are lowered, and global competition intensifies, a domestic economy's success will depend on the quality of their workforce and how they are able to compete with workers from all over the world. Globalisation is also opening up economies to deliver cost-effective and efficient production possibilities to global corporations. As a result of this Malaysia is increasingly losing our wage-based competitiveness. Other countries in the region that have hitherto been closed economies are now opening up to foreign investments that are attracted to their cheap and efficient labour force. The apparent danger from these trends is that Malaysia will be caught in between: Our human capital is not cheap enough to attract investments for lower-skilled production, and our labour force is not sufficiently trained or educated to attract investments into value-added, higher-skilled production. There are also countries that can offer cheaper but better skilled labour than Malaysia, for example the software engineers of India.

These are serious considerations for Malaysia. As an open economy dependant on trade and investments, we need to move our human capital up the value-added chain if we are to remain competitive. This will mean that human resource development (HRD) must play a crucial role in our strategic transformation into a knowledge- based economy or k-economy.

At the recent Multimedia Super Corridor (MSC) International Advisory Panel meeting, similar views were given by the I.A.P. members. They praised Malaysia's physical infrastructure as being more advanced than any country in the region. However, they cautioned that in order to leverage on this physical infrastructure, we must nurture and create talented workers in all sectors. This is a point that I have previously stressed and would like to stress again today. Without human capital, our economy and all our physical infrastructure will be an empty shell. The k- economy of the future is as much about a talented workforce as it is about fibre optic cables and smart cards. Malaysia's economic planning must give greater attention to human resource development, both at student and worker levels, rather than focus exclusively on physical development.

Perhaps the importance of education, training, and skill and knowledge acquisition is not highlighted sufficiently because the returns from such investments are long-term. For example, physical infrastructure development delivers tangible economic returns in the short term. Educating professionals and retraining workers only bring benefits after a period of time. In a k-economy, however, we cannot afford to be short sighted about economic planning. With knowledge replacing physical and natural resources as the key ingredient in economic development, our education system and manpower training policies must be given due priority.

Our approach to human resource development must be coordinated and holistic. There must be genuine smart partnership between government ministries, especially the Human Resource and Education Ministries, and between the private and public sectors to strategise and implement a human resource policy that is directed towards fulfilling the objectives of a k-economy. We need to understand that economic development is now more dynamic than ever due to technological improvements and global competition. As a result, the skills needed to succeed in this new economy will be both increasing and changing very rapidly. Few will be able to equip themselves with lifetime working skills just from their years of formal education. Life-long learning conducted through virtual universities and distance learning, with skill acquisition at all age levels, must be promoted if our human resource is to constantly stay abreast of new and rapid developments in the k-economy.

Ladies and gentlemen,

I hope that the discussions that follow during the course of this dialogue will result in constructive suggestions for the government to consider including in the Eighth Malaysia Plan and in the Knowledge Economy Masterplan. When deliberating your ideas I hope that you will be cognisant of one of the salient principles of a k-economy: That all resources should be used optimally. Or put simply, resources must not be wasted.

In the context of human resource development this means adopting a two-pronged strategy. One is to ensure that those who are currently unskilled or low-skilled are given the opportunity to learn and train so that they can have a productive role in the k-economy. And secondly, incentives and opportunities must be given to those with potential to keep on acquiring knowledge and skills. Human resource development must move every Malaysian up the skill ladder, and at the same time reward excellence by allowing every one to fulfil their potential.

If we do not train and retrain our workers, their existing skills may become obsolete in new economic environments. If those with no education, knowledge or skills are not given the opportunity to learn then we risk shutting out many Malaysians from the benefits of a k-economy. And if they are shut out and left behind, the government loses precious human capital that could have been harnessed effectively into a new economic paradigm. Therefore, human resource development must be viewed not only from the perspective of social justice where every Malaysian is given the opportunity to succeed, but also from the point of view that in a k- economy we must maximise our resources and ensure that everyone is given the chance to contribute at his or her optimum level.

I assure you that the government is very serious about building a critical mass of knowledge workers. Already under consideration are plans to build more industrial training institutes and community colleges. In addition, I have also suggested the

establishment of more 'second chance' programmes aimed at giving school leavers the opportunity to re-sit examinations or guiding them towards vocational and technical training. There is also a need for greater alliances between universities and the private sector to encourage industrial placements, internships and targeted human resource development.

Greater attention must also be given to training workers in the small and medium industries. Most large firms can afford to invest in training, retraining and R&D. Therefore, public sector HRD initiatives must prioritise SMI workers who are not given opportunities to enhance their skills by their employers.

At the same time ICT training must be promoted, especially among working adults, to increase I.T. literacy among the workforce. School teachers should be given incentives to continue to upgrade their ICT skills in light of the primacy of these tools in the k- economy. Civil servants and servicemen should also be given this training so that they are able to be absorbed into the technology intensive private sector upon the completion of their service. ICT training should also be extended to non-working adults such as the disabled, older folks and housewives so that they can contribute to the k-economy as home-based workers, offering services through virtual interfaces such as the internet.

Ladies and gentlemen,

In recognising that human resource development is a critical factor in a k-economy, I would like to see a more genuine smart partnership emerging between the public and private sector. In particular, the private sector must play a bigger role in vocational training in order to complement the effort that has been put in by the government at the moment. The government will continue to assist the private sector in training and retraining workers, but there must be continued commitment from the private sector to encourage and provide incentives for their workers to acquire more skills.

I hope this dialogue will also be able to provide suggestions on the government's role in human resource development. In particular, we need to evaluate whether there is adequate spending on HRD and the efficacy of the programmes that are currently being implemented. We must also look at the incentive structure, both for employers and employees, to encourage life-long learning and ICT training.

The distinguished M.I.T. economist, Lester Thurow, wrote "The creation of human capital is by its nature a social, and not individual, process. Human skills only grow if one generation teaches the next what it has learned so that the second generation can devote itself to expanding existing knowledge and acquiring new skills rather than to rediscovering and relearning what the previous generation has already mastered". Our efforts to enhance human capital must therefore result in a continuation of the learning process and a society in which knowledge is pursued relentlessly.

I once again welcome you to this dialogue and hope you will be able to contribute towards enhancing Malaysia's competitive edge through the development of human resources in the k-economy.

Thank you.